

**First Interim Financial  
Report as of  
October 31, 2011**

**Presented to the Board of Trustees  
December 5, 2011**

# **2011/12 First Interim Assumptions**

## **General Fund Revenue**

- **Revenue Limit Sources**
  - **2.24% COLA [\$137/ADA]**
  - **-19.754 DEFICIT [-\$1,229/ADA]**
- **ADA: 3,023 (40 ADA increase above 2010/11)**
- **State Categoricals “flexed” and reduced 20% below 2008/09 award amounts**
- **Mandated Costs – Cash receipts of \$42,000 budgeted**
- **Lease income is budgeted in the Special Reserve For Capital Outlay Fund**

# 2011/12 Revenue

	Adopted Budget	First Interim Budget	Change
Revenue Limit	\$ 15,305,354	\$ 15,562,783	\$ 257,429
Federal Revenue	\$ 1,225,047	\$ 1,232,017	\$ 6,970
Other State Revenue	\$ 4,103,449	\$ 4,216,724	\$ 113,275
Other Local Revenue	\$ 81,000	\$ 123,976	\$ 42,976
Interfund Transfer In	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 20,714,850</b>	<b>\$ 21,135,500</b>	<b>\$ 420,650</b>

# **2011/12 First Interim Assumptions**

## **General Fund Revenue – Major Changes from Adopted Budget**

- **Revenue Limit**
  - + **0.2 M 40 Additional ADA**
  - + **0.1 M Prior year flu absences claim**
- **Federal Revenue – no significant change**
- **State Revenue**
  - + **0.1 M Lottery Increase and Mandated Cost Receipts**

# **2011/12 First Interim Assumptions**

## **General Fund Expenditures**

- **Salary**
  - **Certificated Teachers**
    - **Salary reduction of 3% via 6 furlough days**
  - **Classified and Non-unit (unrepresented employees)**
    - **Salary reduction of 3% via 6-8 furlough days**
- **Step and Column: Actuals for 2011/12**
- **Health and Welfare: Maximum medical cap \$14,281; Dental, Vision, and Life Maximum \$1,744**

# **2011/12 First Interim Assumptions**

## **General Fund Expenditures**

### **➤ Supplies**

- 2010/11 Restricted Carryover (\$187,911 – primarily EIA and LEA Medi-Cal funds) and unrestricted school site and school donations carryover (\$269,374) are appropriated in supply expenditure objects**

### **➤ Services**

- Special education services for additional students in non- public schools (including transportation)**

# 2011/12 Expenses

	Adopted Budget	First Interim Budget	Change
Certificated Salaries	\$ 10,705,683	\$ 10,776,554	\$ 70,871
Classified Salaries	\$ 3,089,092	\$ 3,050,439	\$ (38,653)
Employee Benefits	\$ 4,653,350	\$ 4,648,557	\$ (4,793)
Books & Supplies	\$ 591,897	\$ 1,054,246	\$ 462,349
Services/Operating Exp.	\$ 2,028,014	\$ 2,110,794	\$ 82,780
Capital Outlay	\$ 0	\$ 0	\$ 0
Other Outgoing	\$ 575,108	\$ 562,750	\$ (12,358)
Interfund Transfer Out	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 21,643,144</b>	<b>\$ 22,203,340</b>	<b>\$ 560,196</b>

# **2011/12 First Interim Assumptions**

## **General Fund Expenditures – Major Changes from Adopted Budget**

- **Certificated Salaries**
  - + **0.1 M** Representing a **0.5%** reduction for one less furlough day and increased FTE
- **Classified Salaries – no significant change**
- **Benefits – no significant change**



# **2011/12 First Interim Assumptions**

## **General Fund Expenditures – Major Changes from Adopted Budget**

- **Supplies**

  - + **0.5 M Legal and Board Restricted Carryover**

- **Services**

  - + **0.1 M Special education services for additional students in non-public schools (including transportation)**

# **2011/12 First Interim Assumptions**

## **General Fund Reserve**

- **District policy recommends an additional 2% above the State minimum reserve level, when stable state funding exists, to provide a buffer for cash-flow needs and if financial difficulties arise and commitments cannot be reduced.**
- **The District is projecting slight enrollment growth in 2011/12 and stable enrollment in 2012/13 and 2013/14.**
- **State funding in excess of \$600,000 is in jeopardy due to trigger language in the 2011/12 State budget.**
- **The Designation For Economic Uncertainties Reserve target remains at 3% until the District determines stable funding from the state exists. At that time, the Reserve target should increase to the previous target of 5%.**

# **Multi-year Projections**

## **Revenue Assumptions**

**(Subsequent Years)**

- **Revenue Limit Sources:**
  - **COLA**
    - **0.00% in 2012/13**
    - **2.70% in 2013/14**
  - **ADA**
    - **0 ADA increase in 2012/13**
    - **0 ADA increase in 2013/14**
- **State categorical funds remain flexed and reduced 20% from 2008/09 levels through 2014/15**
- **Class size reduction funds remained flexed through 2013/14**
- **Residual Federal Stimulus funds were fully spent in 2010/11**
- **All other revenues remain relatively constant**

# **Multi-year Projections**

## **Expense Assumptions**

(Subsequent Years)

- **2010/11 Legal and Board restricted carryover is fully spent in 2011/12**
- **Increase of 1.6 teachers in 2012/13 due to Transitional Kindergarten program implementation for new age requirement of November 1 birthday and addition of severely handicapped program component**
- **2012/13 Salaries and Employee Benefits**
  - **1.6% Certificated step and column costs**
  - **1.2% Classified step and longevity costs**
  - **0.7% Non-unit step and longevity costs**
  - **-0.5% Salary reduction all employees via one additional furlough day to total 7 furlough days for school year**
  - **7.0% Increase in employee health and welfare benefits**
- **Title I funds directed to identified target population**
- **Restored school site allocation funds remain**

# **Multi-year Projections Expense Assumptions**

**(Subsequent Years - Continued)**

- **2013/14 Salaries and Employee Benefits**
  - **1.3% Certificated step and column costs**
  - **1.2% Classified step and longevity costs**
  - **0.7% Non-unit step and longevity costs**
  - **Furlough days eliminated (contracts expire)**
  - **7.0% Increase in employee health and welfare benefits**
  - **No increase or decrease of teachers due to stable projected enrollment**
- **One additional FTE for additional Transitional Kindergarten class due to new age requirement of October 1 birthday**

# Multi-year Unrestricted General Fund Summary

	2011/12 First Interim	2012/13 Projected	2013/14 Projected
Total Revenue and Transfers In	\$ 16,384,048	\$ 16,326,442	\$ 16,827,488
Total Expenditures & Outgo	\$ 17,241,807	\$ 17,528,807	\$ 18,583,807
<b>Change in Fund Balance</b>	<b>\$ (857,759)</b>	<b>\$ (1,202,365)</b>	<b>\$ (1,756,319)</b>
Beginning Balance	\$ 4,895,182	\$ 4,037,423	\$ 2,835,058
<b>Ending Balance</b>	<b>\$ 4,037,423</b>	<b>\$ 2,835,058</b>	<b>\$ 1,078,739</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 663,000	\$ 666,000	\$ 695,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 3,303,423	\$ 2,098,058	\$ 312,739

# Multi-year Combined General Fund Summary (Restricted and Unrestricted)

	2011/12 First Interim	2012/13 Projected	2013/14 Projected
Total Revenue and Transfers In	\$ 21,135,500	\$ 21,077,894	\$ 21,578,940
Total Expenditures & Outgo	\$ 22,181,160	\$ 22,280,259	\$ 23,335,259
<b>Change in Fund Balance</b>	<b>\$ (1,045,660)</b>	<b>\$ (1,202,365)</b>	<b>\$ (1,756,319)</b>
Beginning Balance	\$ 5,083,093	\$ 4,037,433	\$ 2,835,068
<b>Ending Balance</b>	<b>\$ 4,037,433</b>	<b>\$ 2,835,068</b>	<b>\$ 1,078,749</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 663,000	\$ 666,000	\$ 695,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 3,303,433	\$ 2,098,068	\$ 312,749

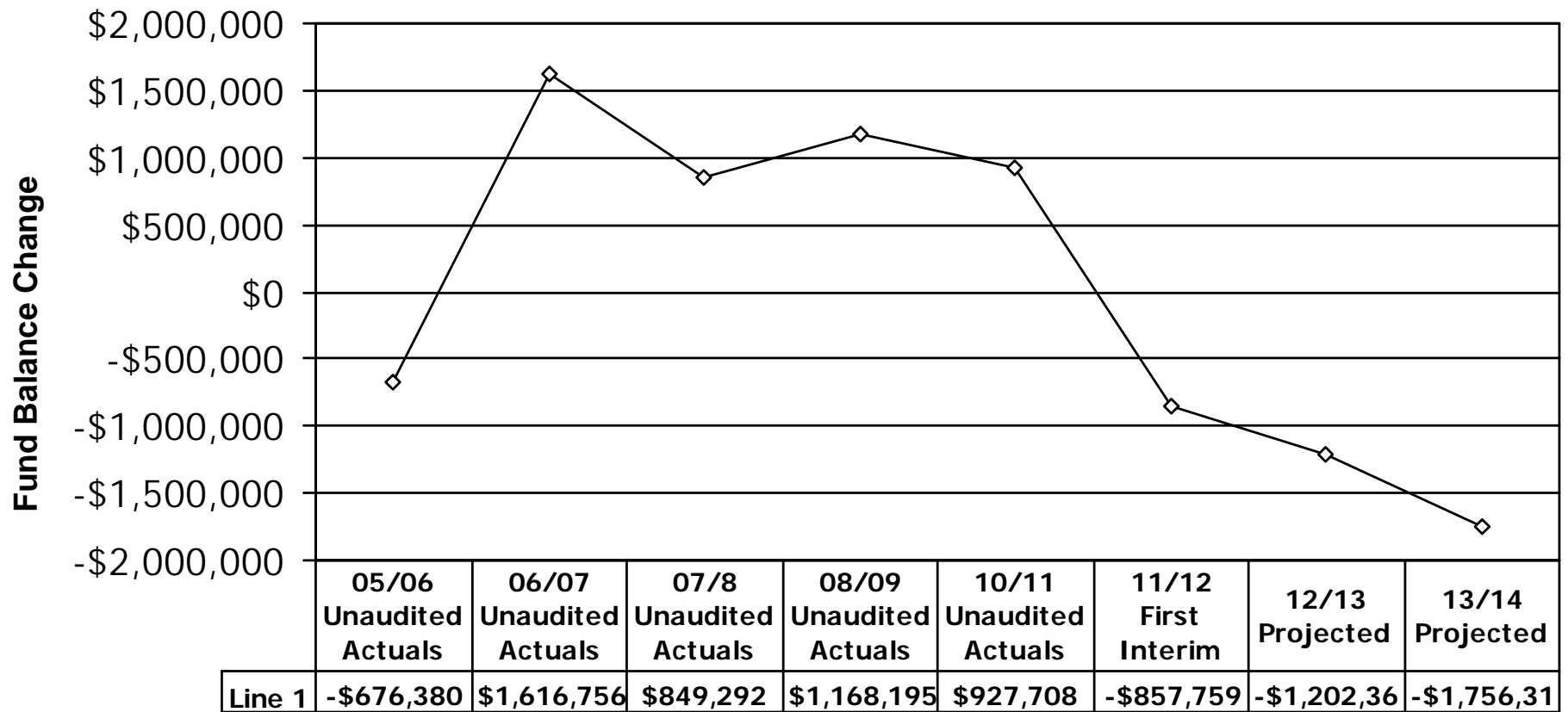
# Multi-year w/Trigger - Combined General Fund Summary

**(Restricted and Unrestricted)**

	2011/12 First Interim	2012/13 Projected	2013/14 Projected
Total Revenue and Transfers In	\$ 20,508,500	\$ 21,077,894	\$ 21,578,940
Total Expenditures & Outgo	\$ 21,941,160	\$ 22,280,259	\$ 23,335,259
<b>Change in Fund Balance</b>	<b>\$ (1,432,660)</b>	<b>\$ (1,202,365)</b>	<b>\$ (1,756,319)</b>
Beginning Balance	\$ 5,083,093	\$ 3,650,433	\$ 2,448,068
<b>Ending Balance</b>	<b>\$ 3,650,433</b>	<b>\$ 2,448,068</b>	<b>\$ 691,749</b>
<b>Components of Fund Balance</b>			
Reserved Amounts	\$ 71,000	\$ 71,000	\$ 71,000
Legally Restricted	\$ 0	\$ 0	\$ 0
Economic Uncertainties	\$ 636,000	\$ 666,000	\$ 695,000
Designations	\$ 0	\$ 0	\$ 0
Undesignated Amount	\$ 2,943,433	\$ 1,711,068	\$ (74,251)



# Multi-year Unrestricted General Fund Summary (without Trigger)



# **Future Considerations....**

- **Trigger Pulled this January? Loss of \$627,000 in revenue. Net loss of \$387,000 due to contingency language to add 3 additional furlough days**
- **Hold on for 2012/13 state budget projections – revenue shortfall this year carries forward and trigger language is limited to 2011/12. COLA is also a funding strain (which hasn't been funded for 4 years).**

# **First Interim Financial Report Certification of Financial Condition**

## **☒ Positive Certification**

‘As president of the governing board of this school district, I certify that this district will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.’

## **Qualified Certification**

‘As president of the governing board of this school district, I certify that this district may not meet its financial obligations for the current fiscal year and subsequent two fiscal years.’

## **Negative Certification**

‘As president of the governing board of this school district, I certify that based upon current projections this district will be unable to meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year.’